

CONFIDENTIAL

ATB-OTR AUDIT

Approved For Release 2001/03/04 : CIA-RDP81-00896R000100240004-8

30 AUG 1976

25X1A

MEMORANDUM FOR: Director of Training
FROM : [REDACTED]
Chief, Audit Staff, O/IG
SUBJECT : Reports of Audit

25X1A

(a) [REDACTED]
1 May 1975 - 31 May 1976

25X1A

(b) [REDACTED] Club, 1 June 1974 - 31 May 1976

1. Attached is one copy each of subject reports.
Please advise the Chief, Audit Staff of action taken on
recommendations contained in the [REDACTED] report.

25X1A

2. We wish to express our appreciation to [REDACTED]
officials and staff for the cooperation extended to the
auditors.

25X1A

25X1A



Attachments:
as stated

Distribution:

✓ Orig - D/OTR
1 - DDA
1 - O/Compt/DCI
1 - D/Fin
1 - O/IG
2 - [REDACTED]

25X1A

Approved For Release 2001/03/04 : CIA-RDP81-00896R000100240004-8

CONFIDENTIAL

CONFIDENTIAL

25X1A

REPORT OF AUDIT

For the Period
1 May 1975 - 31 May 1976

SUMMARY AND SCOPE

1. Controls and procedures at [REDACTED] are generally effective and assure the proper utilization and protection of Organization resources. Recommendations primarily concern the improvement of GSI Sales Store operations and property administration.

25X1A

2. Our findings resulted from a review of Station controls, procedures and records. We selectively examined expenditures to determine that documentation, approval and financial certification were in accordance with Agency directives and regulations.

25X1A

25X1A

CONFIDENTIAL

- 2 -

AUDIT COMMENTS

GSI Sales Store

4. The GSI Sales Store is using a cash register that does not (a) produce a customer sales tape, (b) provide a visual display of the amount of the sale, and (c) provide control over the entire function by more than one on/off key lock switch. Station officials are considering replacing this cash register. To strengthen cash control, we endorse the acquisition and use of a cash register which will overcome the deficiencies described above.

Recommendation #1: Acquire a new cash register for the GSI Sales Store.

5. The GSI Sales Store computes its Cost of Goods Sold in a manner which mixes inventory prices at retail with purchase prices at cost. This method results in an incorrect Cost of Goods Sold and Gross Profit on Sales. Accurate profit data is necessary for management to establish sales prices which will recover cost.

Recommendation #2: Require GSI to value inventory at cost for the purpose of determining the correct Gross Profit on Sales.

Property

6. The current Accountable Officer for Station non-expendable property was appointed on 25 August 1975. No evidence existed that property had been inventoried and Consolidated Memorandum Receipts (CMRs) verified when he assumed accountability. During the audit the annual confirmation of the property CMRs was in process. When this task is completed the Accountable Officer will be able to satisfy himself as to the physical existence and the condition of the property for which he is accountable.

Recommendation #3: Complete the annual inventory of Station property and updating of the CMR files.

7. The Deputy Chief of Supply recently assumed responsibility for the communications property issued on Station CMR #40 and [REDACTED] CMR #17 from the departing Communications Officer. The Communications Officer scheduled to arrive in September 1976 would be the logical person to assume this responsibility because of the technical nature of the property.

25X1A

- 3 -

Recommendation #4: Transfer responsibility for all Station communications property to the newly assigned Communications Officer.

Motor Vehicles

8. Three motor vehicles (MV 8131, MV 8378 and MV 8227) were authorized by Headquarters for disposal and were dropped from the Station TVA in December 1975. These vehicles are still on hand at the Station.

Recommendation #5: Physically dispose of these vehicles or justify their reinstatement on the TVA.

9. Duplicate motor vehicle usage and maintenance records are kept by the Station. The Supply Office keeps one set of records and the Transportation Section keeps the other. Since the information recorded on these records originates within the Transportation Section, that Section should be given the sole responsibility for this record keeping function. Supply and Transportation officials and the Chief of Logistics agree.

Recommendation #6: Assign the responsibility of keeping the motor vehicle usage and maintenance records solely to the Transportation Section.

~~CONFIDENTIAL~~

25X1A

REPORT OF AUDIT

For the Period
1 June 1974 - 31 May 1976

25X1A

INTRODUCTION

25X1A

1. The [REDACTED] is a self-sustaining non-appropriated fund activity operated under authority of [REDACTED]. The Club was organized in April 1955 to provide employees, students, and TDY guests with social and recreational activities. The Chief of Station, assisted by a seven member Club Advisory Committee, is responsible for Club management. Special Services personnel are responsible for the day-to-day supervision of Club activities. Salaries for Club duties performed by Station personnel during regular duty hours are paid by the Club to the Station.

SCOPE OF AUDIT

2. The audit consisted of a review of controls and procedures and such tests of the accounting records as we considered necessary in the circumstances. The inventory was verified on a test basis.

SUMMARY OF FINANCIAL INFORMATION

3. Accumulated earnings at 31 May 1976 were \$35,703. Detailed financial information may be found in the attached Exhibits A, B and C.

AUDIT OBSERVATIONS

4. Records, controls and procedures generally are effective to assure proper custody and utilization of Club assets. Minor matters were resolved during the audit. No recommendations resulted from the audit.

~~CONFIDENTIAL~~

25X1A

Balance Sheet

31 May 1976

ASSETS

Cash on Hand and in Bank	\$14,961
Savings Certificates and Deposits	5,274
Accounts Receivable	273
Inventory	20,338
Fixed Assets, net of depreciation	<u>4,052</u>
Total Assets	<u>\$44,898</u>

LIABILITIES AND NET WORTH

Accounts Payable	\$ 6,636
Taxes Payable	468
Due Recreation Program	<u>2,091</u>
Total Liabilities	\$ 9,195
Net Worth, Exhibit B	<u>35,703</u>
Total Liabilities and Net Worth	<u>\$44,898</u>

~~CONFIDENTIAL~~

Approved For Release 2001/03/04 : CIA-RDP81-00896R000100240004-8

Exhibit B

25X1A

Statement of Income and Net Worth

For the Period 1 June 1974 - 31 May 1976

Sales	\$ 185,365
Cost of Goods Sold:	
Beginning Inventory, 31 May 1974	\$ 16,680
Add Purchases	131,560
Goods Available for Sale	\$148,240
Less: Ending Inventory, 31 May 1976	<u>(20,338)</u>
Cost of Goods Sold	<u>127,902</u>
Gross Profit	\$ 57,463
Operating Expenses:	
Salaries and Payroll Taxes	\$ 33,963
Miscellaneous Expenses	<u>16,838</u>
Total Operating Expenses	<u>50,801</u>
Net Income from Operations	\$ 6,662
Miscellaneous Income	<u>959</u>
Net Income	\$ 7,621
Net Worth, 31 May 1974	<u>28,082</u>
Net Worth, 31 May 1976 (Exhibit A)	<u>\$ 35,703</u>

~~CONFIDENTIAL~~

Approved For Release 2001/03/04 : CIA-RDP81-00896R000100240004-8

CONFIDENTIAL

Exhibit C

25X1A

STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Two Year Period Ended 31 May 1976

RESOURCES PROVIDED BY

Income from Operations	\$ 6,662
Interest on Savings Certificate	959
Increase in Accounts and Taxes Payable	898
Depreciation (expense not requiring outlay of working capital)	<u>1,795</u>
 TOTAL RESOURCES PROVIDED	 <u>\$10,314</u>

RESOURCES APPLIED TO

Purchase of Equipment	\$ 3,373
Increase of Inventory	3,658
Increase in Cash on Hand	1,804
Decrease in Recreational Program Payable	1,430
Increase in Accounts Receivable	<u>49</u>
 TOTAL RESOURCES APPLIED	 <u>\$10,314</u>

CONFIDENTIAL